GOVERNMENT OF INDIA
FINANCE
LOK SABHA

UNSTARRED QUESTION NO:2108
ANSWERED ON:11.12.2015
RBI Directives
Ashok Kumar Shri K.

Will the Minister of FINANCE be pleased to state:

(a) whether the Reserve Bank of India has warned against accumulation of vulnerabilities and sudden and sharp overshooting in markets as the weak global outlook may prolong easy money stance in most advance economies;
(b) if so, the details thereof;
(c) whether the growth in the banking business and activity in primary capital markets remained subdued due to moderate investment intentions; and
(d) if so, the details thereof?

Answer

MINISTER OF STATE IN THE MINISTRY OF FINANCE
(SHRI JAYANT SINHA)
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(a) & (b): Reserve Bank of India, in its monetary policy statement dated December 1, 2015, has stated that "following the early November release of robust US jobs data which increased the likelihood of US monetary policy starting to normalise in December, the US dollar has appreciated significantly, and US yields have hardened. Bond markets in emerging market economies (EMEs) have generally been tracking the hardening of US yields. Currency markets in EMEs have experienced selling pressures as portfolio investors continue to exit them as an asset class. Unease in investor sentiment is likely to increase ahead of the imminent divergence in advanced economy monetary policy stances."

(c) & (d): Growth in bank credit and deposits has been relatively subdued in nominal terms in the recent past. Credit growth reflects a combination of factors such as reliance on alternative sources of funding, balance sheet repair and slack in demand as also an element of risk aversion.

During 2015-16 (till November 30, 2015), 53 companies raised approx. Rs 18259 crores from primary capital market through issuance of equity shares and convertibles through Initial Public Offer (IPO) and Rights issue compared to 41 companies raising approx. Rs 3872 crores in corresponding period last year and 64 companies raising approx. Rs 9788 crores from April 2014 - March 2015.